

OCT 4 1971

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OCT 8 1971 -2 30 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE
Dated as of September 1, 1971

Among

TRUST COMPANY FOR USL, INC.
As Trustee under Trust Agreement
Dated as of September 1, 1971
(Lessor)

and

UNITED STATES LEASING INTERNATIONAL, INC.
As Agent for said Trustee and Lessor
(Agent)

and

BESSEMER AND LAKE ERIE RAILROAD COMPANY
(Lessee)

(B & L.E. Trust No. 3)

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EQUIPMENT LEASE

Re: BESSEMER AND LAKE ERIE RAILROAD COMPANY
(B & L.E. Trust No. 3)

THIS EQUIPMENT LEASE dated as of September 1, 1971 among TRUST COMPANY FOR USL, INC., not in its general corporate capacity but solely as Trustee under a Trust Agreement dated as of September 1, 1971 ("Lessor"), UNITED STATES LEASING INTERNATIONAL, INC., a California corporation, as Agent for the Lessor ("Agent") and BESSEMER AND LAKE ERIE RAILROAD COMPANY, a Pennsylvania corporation ("Lessee").

W I T N E S S E T H:

THAT for and in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned, the parties hereby agree as follows:

1. Purchase and Delivery of Equipment.

(a) Lessor, Agent, Lessee and Pullman Incorporated (Pullman-Standard Division) (the "Manufacturer") have entered into an Acquisition Agreement dated as of September 1, 1971 (the "Acquisition Agreement") providing for the acquisition by Lessor of the hopper cars (hereinafter referred to collectively as the "Equipment" and individually as "Item of Equipment") described in Schedules A-1 through A-11 hereto;

(b) Lessor, Agent and Lessee have entered into a Conditional Sale Agreement, dated as of September 1, 1971 (the "Conditional Sale Agreement"), with the Manufacturer, providing for the manufacture, sale and delivery to the Lessor of the Items of Equipment described in Schedules A-1 through A-11, respectively;

(c) By separate instruments of Agreement and Assignment dated as of September 1, 1971, the Manufacturer has assigned or will assign its right, title and interest under the Conditional Sale Agreement to separate institutional investors, as assignees (the "Assignees");

(d) Lessee desires to lease the Equipment or such lesser number as are delivered to and accepted under the Acquisition Agreement on or prior to March 31, 1971 at the rentals and for the terms and upon the conditions hereinafter provided; and

(e) Lessee's execution and delivery to Lessor of the Certificates of Acceptance (substantially in the form of Exhibit 1 hereto) with respect to each Item of Equipment shall conclusively establish that each Item of Equipment is acceptable to and accepted by Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that each Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable Interstate Commerce Commission requirements and specifications, if any. Lessee represents that it has no knowledge of any such defect.

2. Rents and Payment Dates.

(a) Lessee agrees to pay Lessor the following rent for each Item of Equipment leased hereunder:

(1) Periodic Rent. For each Item of Equipment ~~72~~ quarterly installments of Periodic Rent (the "Periodic Rent") in the amount provided for such Item of Equipment in Schedules A-1 through A-11 hereto, respectively, payable in advance.

(2) Daily Interim Rent. For each Item of Equipment the amount per day provided for each respective Item of Equipment in Schedules A-1 through A-11 hereto for the period, if any, from the Closing Date under the Conditional Sale Agreement for such Item of Equipment to and including the due date of the first installment of Periodic Rent for such Item of Equipment as set forth in Section 2(b) hereof.

(b) The first installment of Periodic Rent and the total amount of Daily Interim Rent for each Item of Equipment delivered to the Lessee hereunder shall be due and payable on March 31, 1972. The second through seventy-second quarterly installments of Periodic Rent for all Items of Equipment delivered to and accepted by Lessee shall be due and payable commencing three calendar months after the first Periodic Rent payment date.

(c) All payments provided for in this Lease to be made to Lessor shall be made to the Lessor at 1211 West 22nd Street, Oak Brook, Illinois 60521, or at such other place as Lessor, or its assigns pursuant to Section 17 hereof shall specify in writing.

(d) This Lease is a net lease and Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due or alleged to be due to any present or future claims of Lessee against Lessor under this Lease or otherwise or against the Manufacturer or

Supplier of the Equipment, or against any assignee, nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 12 hereof, or until, pursuant to Section 14 hereof, the Equipment is placed and ready for delivery to Lessor on Lessee's lines, or is stored for Lessor on Lessee's lines, or leaves Lessee's lines for off-line delivery to Lessor.

3. Representations and Warranties.

(a) LESSEE ACKNOWLEDGES AND AGREES THAT LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO CONDITION, QUALITY, DURABILITY, SUITABILITY, ADEQUACY, MERCHANTABILITY, FITNESS FOR USE OR FOR A PARTICULAR PURPOSE, DESIGN, OPERATION, USE OR PERFORMANCE OF ANY ITEM OF EQUIPMENT OR ANY OTHER REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY ITEM OF EQUIPMENT, except that Lessor represents that it has such title and ownership in the Equipment as has been conveyed to Lessor under Bills of Sale relating to the Equipment from the manufacturer of the Equipment to Lessor. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers, contractors or sellers in respect thereof.

(b) In order to induce Lessor to enter into this Lease, Lessee makes the following representations and warranties which shall survive the execution and delivery of this Lease:

(1) Lessee (x) is a duly organized and validly existing corporation in good standing under the laws of the State of its incorporation and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged and (y) has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Lease and each other instrument and agreement (the "Other Agreements") delivered in connection herewith.

(ii) Neither the execution and delivery of this Lease or the Other Agreements, nor the consummation of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will contravene any provision of law, statute, rule or regulation to which Lessee is subject or any judgment, decree, franchise, order or permit applicable to Lessee, or will conflict or will be inconsistent with, or will result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the property or assets of Lessee pursuant to the terms of, any indenture, mortgage, deed of trust, agreement or other instrument to which Lessee is a party or by which it may be bound or to which it may be subject, or violate any provision of its Certificate of Incorporation or By-laws.

(iii) This Lease and the Other Agreements have been duly authorized, executed and delivered by Lessee and constitute the legal, valid and binding obligations of Lessee enforceable in accordance with their respective terms.

(iv) No approval, authorization or consent of any governmental or public body or authority is necessary to enable Lessee to execute, deliver and carry out the terms and provisions of this Lease and the Other Agreements except those which have been obtained and certified copies thereof delivered to Lessor.

(v) Each Item of Equipment acquired by Lessor will be free and clear of any claims, mortgages, pledges, liens, security interests or other charges or encumbrances of any kind in favor of any person other than Lessor under this Lease and the Manufacturer (or, after the execution of the Assignments, the Assignees) under the Conditional Sale Agreement.

(vi) The Equipment is "qualified railroad rolling stock" within the meaning of Section 184 of the Internal Revenue Code as in effect on the date of this Agreement. Since the time of the acquisition of the Equipment by Lessor and the acceptance thereof by Lessee under this Agreement, the Equipment will not have been used by any person and no amortization or other tax benefits under the Internal Revenue Code will have been claimed by any person with respect thereto.

4. Conditions Precedent to Lessor's Obligations. The obligations of Lessor to acquire the Equipment and to lease the Equipment to Lessee are subject, at the time of payment for the Equipment by Lessor in accordance with the provisions of the Acquisition Agreement, to the satisfaction of the following conditions:

(a) There shall exist no condition, event or act which would constitute an Event of Default and no condition, event or act which with the giving of notice or lapse of time, or both, would constitute such an Event of Default.

(b) All representations and warranties by Lessee contained herein or otherwise made in writing in connection herewith shall be true and correct with the same effect as though the representations and warranties had been made on and as of the date of such payment.

(c) All corporate and legal proceedings and all documents (including legal opinions) in connection with the transactions contemplated by this Lease shall be satisfactory in form and substance to Lessor, and Lessor shall have received all information and copies of all documents, including records of corporate proceedings, which Lessor may reasonably have requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

(d) The applicable law, rules or regulations of any public body or authority shall not: (i) prohibit Lessor from acquiring such Equipment and/or leasing same to Lessee; or (ii) after the date hereof, be changed so as to impose doing business restrictions or other requirements upon Lessor which Lessor shall have determined to be too burdensome.

(e) No amendment, modification, addition or change shall have been made in or to the provisions of Section 184 of the Internal Revenue Code, or any other provision of the Internal Revenue Code, or the regulations thereunder, which, in the opinion of Lessor, would preclude Lessor from being entitled to an amortization deduction (with respect to the Equipment) in computing its taxable income based on a period of sixty months.

(f) This Lease and the Other Agreements shall have been duly filed, recorded and/or registered in each jurisdiction where permitted or as may be required by law to establish, perfect, protect and preserve the rights, titles, interests, remedies, powers and privileges of Lessor hereunder and thereunder.

5. Term of the Lease. The term of this Lease as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and subject to the provisions of Section 12 hereof, shall terminate 18 years after the first installment of Periodic Rent is due and payable hereunder.

6. Ownership and Marking of the Equipment.

(a) The Lessor is acquiring full legal title to the Equipment as Vendee under the Conditional Sale Agreement and, it is understood that Lessee shall acquire no right, title and interest to the Equipment except hereunder notwithstanding the delivery of the Equipment to and the possession and use thereof by the Lessee.

(b) The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Exhibit A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased through United States Leasing
International, Inc., as Agent for
Trustee-Vendee, and Subject to a
Security Interest Recorded with the
I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor or any assignee to such Item of Equipment and its rights under this Lease. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road number to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded, or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

(c) Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification or the right of the Lessee to use the Equipment under this Lease.

(d) The Lessee shall indemnify the Lessor and any assignee under Section 7 hereof against any liability, loss or expense incurred by any of them as a result of any marking of the Equipment.

7. Indemnification.

(a) Lessee shall indemnify, protect, save and keep harmless Lessor from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements imposed on, incurred by, or asserted against, Lessor in any way relating or arising out of (i) this Lease or any of the Other Agreements or (ii) the acquisition, ownership, title, delivery, installation, possession, use, operation, maintenance, performance, manufacture, suitability, durability, quality, adequacy, loss, seizure, requisition, confiscation, nationalization, return or other disposition of any Equipment (including, without limitation, latent and other defects whether or not discoverable by Lessor or Lessee) and any claim for patent, trademark or copyright infringement or (iii) as a result of claims for strict liability in tort.

(b) Lessee shall indemnify, protect, save and keep harmless Lessor from and against any and all license and registration fees and all sales, use, personal property, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) imposed against Lessor, the payment of any moneys due Lessor hereunder, Lessee or any Equipment by any federal, state or local government or taxing authority upon or with respect to any Equipment, or upon the purchase, construction, ownership, delivery, leasing, possession, use, operation, return or other disposition thereof, or upon the rentals, receipts or earnings arising therefrom, or upon or with respect to this Lease or the Other Agreements (excluding, however, federal, State or local taxes on, or measured by, the net income of Lessor). In case any report or return is required to be made with respect to any obligation of Lessee under this Subsection or arising out of this Subsection, Lessee will either make such report or return in such manner as will show the ownership of the Equipment in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor.

(c) In the event that the sixty month amortization, or any part thereof, allowed by Section 184 of the Internal Revenue Code and related provisions thereof enacted or amended by the Tax Reform Act of 1969, as now in effect, is lost to the Lessor with respect to any Item of Equipment (a) because of the use or operation of Equipment or any Item thereof during the term or prior to the term of this Lease by the Lessee, any sublessee from the Lessee, the United States Government, or any person, corporation, association or other entity, or (b) because of any action or omission by the Lessee, any sublessee from the Lessee, the United States Government, or any person, corporation, association or other entity, or (c) because the right to use the Equipment or any item thereof shall have been or shall be transferred, then the Lessee shall pay

to the Lessor a sum which after deduction of all taxes required to be paid by the Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof or therein, shall equal the amount of any such benefits so lost, together with all interest or penalty which may be assessed by the United States Government in connection with the loss of such benefits; provided, however, that the Lessee shall not be required by the terms hereof to indemnify the Lessor for the loss of such benefits in respect of Items of Equipment suffering a Casualty Occurrence as defined in Section 12 hereof, and where the Lessee has paid in full the Casualty Value for the Equipment, but in that event the Lessee shall pay to the Lessor an amount equal to any penalty or interest which may be assessed against the Lessor as stated above. Anything in the foregoing to the contrary notwithstanding or implied herein, the Lessee shall not be required to pay to Lessor an amount in excess of the amount which would be required to place the Lessor in the same position it would have occupied had the amortization allowed by such Section 184 and related provisions been available to the Lessor.

(d) The indemnifications contained in this Section shall (i) continue in full force and effect notwithstanding the expiration or other termination of this Lease; and (ii) be enforceable irrespective of whether Lessor shall also be indemnified with respect to the same matter under any other agreement or instrument and Lessor may proceed directly against Lessee hereunder without first resorting to such other rights of indemnification, in which case Lessor agrees to subrogate Lessee to any rights it may have under such other agreement or investment. For the purpose of this Section, the term "Lessor" shall include the directors, officers and employees of the Agent or any agent acting for it or them. In the event Lessee is required to make any payment under this Section, Lessee shall pay the person indemnified an amount which, after deduction of all taxes required to be paid by such person in respect of the receipt thereof under the laws of the United States or of any state or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expenses indemnified against and of any other such taxes), shall be equal to the amount of such payment.

8. Rules, Laws and Regulations. The Lessee agrees to comply with all governmental laws, regulations, requirements and rules foreign or domestic (including the rules of the Board of Transportation Commissioners for Canada, the United States Department of Transportation and the current Interchange Rules, or supplements thereto of the Mechanical Division, Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense.

9. Use and Maintenance of Equipment. The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted and suitable for use in interchange. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment (except such as are not required pursuant to Section 8 hereof and can be removed without damage to, or in any way affecting or impairing either the originally intended function or the use of, such Item of Equipment) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

10. Liens on the Equipment. The Lessee shall pay or satisfy and discharge any and all claims against, through, or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien, charge or security interest upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 10 shall survive termination of the Lease.

11. Filing and Payment of Fees. The Lessor will, at the sole cost and expense of the Lessee, make suitable arrangements to have this Lease and each first mortgage and/or assignment executed by the Lessor with respect to the Equipment or the Lease duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and deposited with the Registrar General of Canada pursuant to Section 148 of the Railway Act of Canada and to publish notice of such deposit in the Canada Gazette pursuant to said Section 148, and to have the same (or a financing statement or similar notice thereof if and to the extent permitted or required by applicable law) deposited, filed, registered or recorded in such other places within or without Canada and the United States as the Lessor may reasonably require for the protection of its title or the security interest of such mortgagee or

or assignee. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record wherever and whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of protecting the Lessor's title to, or each such mortgagee's or assignee's security interest in, the Equipment to the satisfaction of the Lessor's or such mortgagee's or assignee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such actions, will deliver to the Lessor proof of such filing and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording, re-recording or any such instruments or incident to the taking of such action.

12. Payment for Casualty and Termination Occurrences.

(a) In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or damaged beyond economic repair, or shall be requisitioned, taken over or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which by its terms does not exceed the remaining term of this Lease, being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) notify the Lessor in writing in regard thereto.

(b) When the aggregate Casualty Value (as herein defined) of Items of Equipment described in any such notices as having suffered a Casualty Occurrence (exclusive of Items of Equipment described in such notices having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Lessor pursuant to this Section 12) shall exceed \$60,000 the Lessee shall, on the next succeeding rental payment date or the expiration date of this Lease, as the case may be, pay to the Lessor a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided, that notwithstanding the foregoing the Lessee shall on the last applicable rental payment date of each calendar year pay to the Lessor a sum equal to the

Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during such calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 12.

(c) In the event that in the opinion of both the Lessor and the Lessee, the Equipment shall have become obsolete or economically unserviceable for use from any cause whatsoever, the Lessee may upon not less than 30 days prior written notice to the Lessor, which notice shall designate the date on which termination will be effective and settlement for the Equipment will be made, terminate this Lease with respect to the Equipment as of the 40th Periodic Rent payment date theretofore or as of any succeeding Periodic Rent payment date upon payment to the Lessor of an amount equal to the Termination Value (as defined in Section 12(g) hereof) of the Equipment. The opinion of the Lessee regarding obsolescence or economic unserviceability for use of the Equipment shall be determined by its Board of Directors setting forth said determination and a written statement of the President, any Vice President or the Treasurer of Lessee to Lessor setting forth a summary of the basis for such determination. For the purposes of this Section 12(c), all interest rates or similar finance charges payable by the Lessee in connection with the acquisition of equipment under conditional sales contracts, leases or other arrangements for deferred payment of the purchase price, shall be disregarded in the determination of economic unserviceability for use.

(d) Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment, or the Termination Value in respect of all Items of Equipment, the obligation to pay rental (including the rental installment due on the Casualty Value or Termination Value payment date) shall terminate, but in the case of a Casualty Value payment the Lessee shall continue to pay rental for all other Items of Equipment. The Lessee shall pay when due all rental payments as to an Item or Items due prior to the date on which the Casualty Value or, as the case may be, the Termination Value, thereof is payable.

(e) The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment which have suffered a Casualty Occurrence or which have been retired pursuant to Section 12(c) hereof as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of either such occurrence up to the Casualty Value attributable thereto, or, as the case may be, the Termination Value, and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment. Neither the Lessee nor any person, firm or

corporation controlled by, in the control of or in common control with the Lessee shall be permitted to purchase any Item of Equipment with respect to which the Lease has been terminated pursuant to Section 12(c) hereof.

(f) The Casualty Value ("Casualty Value") of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 12 (and not the date of the Casualty Occurrence except in the case of determining whether a Casualty Value payment is required) and shall be equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Casualty Value attached hereto as Schedule B. In the event the Lessee shall have notified the Lessor that an Item of Equipment has suffered a Casualty Occurrence 15 days or more prior to the commencement of Periodic Rent hereunder with respect thereto, the Casualty Value for such Item shall be an amount equal to 101% of its cost plus the Daily Interim Rental therefor, if any, to the date of payment of such Casualty Value, which date shall not be more than 15 days after the date of notice to the Lessor of such Casualty Occurrence. If the Lessee shall have notified the Lessor that an Item of Equipment have suffered a Casualty Occurrence less than 15 days prior to the commencement of Periodic Rent hereunder with respect thereto, the date of such Casualty Occurrence for such Item shall be deemed to be one day after the due date of the first installment of Periodic Rent.

(g) The Termination Value ("Termination Value") of the Equipment shall be the amount determined as of the date the Termination Value is paid as provided in Section 12(c) hereof equal to that percentage of the original cost to the Lessor of the Equipment (excluding from such cost the cost of any Item or Items of Equipment with respect to which the Lessee has previously paid the Casualty Value to the Lessor) as set forth in the Schedule of Termination Value attached hereto as Schedule C.

(h) The Lessee shall bear the risk of and, except as hereinabove in this Section 12 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the expiration date of this Lease.

(i) In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the

Lessor as its sole property, except that if the Lessee establishes that any portion of such governmental payment was included to reimburse the Lessee for the expenses incurred by the Lessee for maintaining, repairing or for taxes with regard to such Items of Equipment, the Lessee shall be entitled to retain such portion of the governmental payment up to the amount of the reasonable expenses actually incurred by the Lessee.

13. Annual Reports.

(a) On or before December 31 in each year, commencing with the year 1971, Lessee will furnish to Lessor an accurate statement, as of the end of the preceding October 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months or longer period between successive statements (or since the date of this Lease, in the case of the first such statement) and such other information regarding the condition or repair of the Equipment as Lessor or its agents may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 6 hereof shall have been preserved or replaced, and (c) certifying that no default has occurred and is continuing under the Lease, or specifying all such defaults and the action being taken by Lessee to remedy same.

(b) The Lessor or its assigns or agents shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Lease.

14. Return of Equipment upon Expiration of Term. Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 days period to any reasonable place on the lines of the railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same.

The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. Each Item of Equipment returned to Lessor pursuant to this Section shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted.

15. Default.

(a) If, during the continuance of this Lease, one or more of the following events ("Events of Default") shall occur:

(i) Default shall be made in the payment of any part of the rental provided in Section 2 hereof or the Casualty Value or Termination Value as provided in Section 12 hereof and such default shall continue for five days;

(ii) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession;

(iii) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(iv) The Lessee shall suspend or terminate the operations of its business;

(v) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against the Lessee, and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within 60 days after such appointment, if any, or 90 days after such petition shall have been filed, whichever shall be earlier; or

(vi) Any other proceedings shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder), and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 90 days after such proceedings shall have been commenced, whichever shall be earlier;

then in any such case the Lessor, at its option may:

(i) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(ii) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever, but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as liquidated damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the Casualty Value computed as of

the due date of the last installment of Periodic Rent paid in full by the Lessee for such Item (together with interest on such amount at the rate of 12% per annum from the date as of which computation is made to the date of termination) over either of the following amounts as the Lessor in its sole discretion shall specify in such notice: (x) the then present worth of the then fair rental value of such Item for the balance of the term of this Lease computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a $8 \frac{3}{8}\%$ per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) the fair market sales value of such Item, or (z) if such Item has actually been sold by the Lessor then the net proceeds of such sale, and (ii) any damages and expenses including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for the payment of rent.

(b) The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rent payments due hereunder, and agrees to make the rent payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

(c) The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

16. Return of Equipment upon Default.

(a) If the Lessor or any assignee shall terminate this Lease pursuant to Section 15 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(i) Forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(ii) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad for a period not exceeding 180 days at the risk of the Lessee; and

(iii) Transport the Equipment, at any time within such 180 days' period, to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

(b) The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

(c) Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 16, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Item.

17. Assignment by Lessor. This Lease and the rentals and other sums due hereunder shall be assignable in whole or in part by Lessor without the consent of Lessee, but Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. In the event that separate assignments are executed by the Lessor in respect of this Lease and the rental and other sums due and to become due hereunder, insofar as the same relate to Items of Equipment described in Schedules A-1 through A-11 hereto, the Lessor and the Lessee agree that so long as such separate assignments remain in force and effect this Lease shall be deemed to be and shall be construed as a divisible and severable contract between the Lessor and

the Lessee for the leasing of Equipment covered by each such separate assignment, all to the same extent and with the same force and effect as though a separate lease had been entered into by the Lessor and the Lessee in respect of such Equipment. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the assignee, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee or its assigns shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor.

18. Assignment by Lessee; Use and Possession.

(a) So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except as to the extent permitted by the other provisions of this Section.

(b) So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its

Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange traffic, but only upon and subject to all the terms and conditions of this Lease and the Lessee may receive and retain compensation for such use from other railroads using the Equipment. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

(c) So long as the Lessee shall not be in default under this Lease and without diminishing to any extent the obligations of the Lessee to indemnify the Lessor pursuant to Section 7 hereof, the Lessee shall have the right to sublease the Equipment or any Item thereof to any railroad, a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is directly or indirectly owned by the Lessee's parent company, United States Steel Corporation. No assignment or sublease permitted hereby shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

(d) Nothing in this Section 18 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

19. Opinion of Lessee's Counsel. Concurrently with the execution of this Lease and at the time of Lessor's payment for a portion of the purchase price of the Equipment pursuant to the Acquisition Agreement the Lessee will deliver to the Lessor the written opinion of counsel for the Lessee addressed to the Lessor, in scope and substance satisfactory to the Lessor, to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of the State of Pennsylvania;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted including the entering into of the Lease and the Other Agreements and is duly qualified to do business as a foreign corporation in all states and countries in which such qualification is necessary to carry out the terms of the Lease;

(c) This Lease and the Other Agreements have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their terms;

(d) This Lease has been, or will be prior to the delivery and acceptance of the first Item of Equipment, filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, deposited in the office of the Registrar General of Canada and notice has been given of such deposit in the Canada Gazette in accordance with Section 148 of the Railway Act of Canada and no other filing, recording, depositing or noticing is necessary to protect the Lessor's title to the Equipment; and

(e) The entering into and performance by Lessee of this Agreement and the Other Agreements do not violate any provision of any law, any order of any court or governmental agency, the Charter or By-laws of the Lessee, or any indenture, agreement, or other instrument to which Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as contemplated and permitted hereby;

20. Interest on Overdue Rentals and Amounts Paid by Lessor. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or the Termination Value or Casualty Value, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 9-3/8% per annum (or the lawful rate, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

21. Notices. Any notice required or permitted to be given by either party hereof to the other shall be deemed to have been given when deposited in the United States mails, certified first class postage prepaid, addressed as follows:

If to the Lessor: Trust Company for USL, Inc.,
as Trustee under B & L.E. Trust No. 3
1211 West 22nd Street
Oak Brook, Illinois 60521

with a copy of such notice to be sent to the Agent.

If to the Agent: United States Leasing
International, Inc.
633 Battery Street
San Francisco, California 94111

If to the Lessee: Bessemer and Lake Erie
Railroad Company
Gateway Four
P.O. Box 536
Pittsburgh, Pennsylvania 15230

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

22. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

23. Law Governing. This Lease shall be construed in accordance with the laws of Pennsylvania, provided, however, that the parties shall be entitled to all rights conferred by any applicable federal statute, rule or regulation.

24. Option to Purchase.

(a) Provided that this Lease has not been earlier terminated and the Lessee is not in default, Lessee shall have the following option to purchase:

(i) The Lessee shall have the right to purchase all but not less than all of the Equipment then leased hereunder at the expiration of the term of this Lease at a price equal to the "fair market value" (as defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Lease. The Lessor shall not be required to make any representation or warranty as to the condition of the Equipment or any other matters.

(ii) The "fair market value" shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's length transaction between an informed and willing buyer and an informed and willing seller under no compulsion to sell; provided that if the Lessor and the Lessee are unable to agree upon a determination of the fair market value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by American Appraisal Company. The expenses and fees of the appraiser shall be borne by Lessee. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment at the rate of 10% per annum. Upon determination of the fair market value as aforesaid, the Lessee may at its option withdraw and rescind its election to purchase without further liability to the Lessor.

(iii) Unless the Lessee has given the Lessor 180 days notice as required in connection with exercise of the foregoing option, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 14 hereof.

(b) Notwithstanding any election of the Lessee to purchase, the provisions of Section 12 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 24, in which event such purchase price shall govern.

25. Concerning the Lessor and the Agent. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of Trust Company for USL, Inc., are nevertheless each and every one of them, made and intended not as general corporate representations, covenants, undertakings and agreements or for the purpose or with the intention of binding it in its general corporate capacity but are made and intended for the purpose of binding only the Trust as that term is used in the Trust Agreement among the Lessor, the Agent and First National Bank of Minneapolis; such Trust is the Lessor hereunder, and this Lease is executed and delivered by Trust Company for USL, Inc. not in its general corporate capacity but solely in the exercise of the powers conferred upon it as Trustee; and no general corporate liability is assumed by nor shall at any time be asserted or enforceable against such Trustee, or the Agent or First National Bank of Minneapolis (the Trustor under the Trust Agreement referred to in the introduction to this Lease) on account of this Lease or on account of any representation, covenant, undertaking or agreement of such Trustee or the Agent in this Lease contained, either expressed or implied, all such general corporate liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under the Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to said Trust for satisfaction of the same.

26. Captions. The descriptive headings of the various Sections or parts of this Lease are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, the Agent and the Lessee have caused this Lease to be executed by their respective officers thereunder duly authorized and their corporate seals to be hereto affixed and the Lessor has caused this Lease to be executed, all as of the date and year first above written.

TRUST COMPANY FOR USL, INC.,
as Trustee under Trust Agreement
dated September 1, 1971

By Bm. Marshall
Its President
LESSOR

(Corporate Seal)

Attest:

Bulanda Co.
Secretary

BESSEMER AND LAKE ERIE RAILROAD
COMPANY

By *V. M. Kretsch*
Its Vice President Finance
LESSEE

(Corporate Seal)

Attest:

L. F. Young
Assistant Secretary

UNITED STATES LEASING INTERNATIONAL,
INC.

By *David A. Hooley*
Its Vice President
AGENT FOR LESSOR

(Corporate Seal)

Attest:

[Signature]
Assistant Secretary

SCHEDULE A-1
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	52 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98402 to 98453, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$1,230,580 for all 52 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of <u>\$516.49</u> each, per Item of Equipment, or an aggregate of <u>\$26,857.48</u> for all 52 units.
DAILY INTERIM RENT:	<u>\$ 5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Country Life Insurance Company

SCHEDULE A-2
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	85 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98454 to 98538, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$2,011,525 for all 85 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>43,901.65</u> for all 85 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Los Angeles County Employees
Retirement Association

SCHEDULE A-3
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	158 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98539 to 98696, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$3,739,070 for all 158 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of <u>\$81,605.42</u> for all 158 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Liberty Mutual Insurance Company

SCHEDULE A-4
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	5 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98697 to 98701, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$118,325 for all 5 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>2,582.45</u> for all 5 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Liberty Life Assurance Company of Boston

SCHEDULE A-5
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	79 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98702 to 98780, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$1,869,535 for all 79 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of <u>\$516.49</u> each, per Item of Equipment, or an aggregate of <u>\$40,802.71</u> for all 79 units.
DAILY INTERIM RENT:	<u>\$ 5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: State Farm Life Insurance Company

SCHEDULE A-6
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	52 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98781 to 98832, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$1,230,580 for all 52 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>26,857.48</u> for all 52 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: The Philadelphia Saving Fund Society

SCHEDULE A-7
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	39 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98833 to 98871, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$922,935 for all 39 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>20,143.11</u> for all 39 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Bankers Life Insurance Company of Nebraska

SCHEDULE A-8
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	26 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98872 to 98897, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$615,290 for all 26 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>13,428.74</u> for all 26 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Utah State Retirement Fund

SCHEDULE A-9
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	26 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98898 to 98923, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$615,290 for all 26 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>13,428.74</u> for all 26 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Mutual Trust Life Insurance Company

SCHEDULE A-10
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	26 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98924 to 98949, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$615,290 for all 26 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of <u>\$516.49</u> each, per Item of Equipment, or an aggregate of <u>\$ 13,428.74</u> for all 26 units.
DAILY INTERIM RENT:	<u>\$ 5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Peoples Life Insurance Company,
Washington, D. C.

SCHEDULE A-11
(to Equipment Lease)

MANUFACTURER:	PULLMAN INCORPORATED (Pullman-Standard Division)
DESCRIPTION OF EQUIPMENT:	52 new self-clearing, center dump hopper cars, 100-ton capacity
ROAD NUMBERS:	B&LE Nos. 98950 to 99001, both inclusive
PRICE:	\$23,665.00 per unit
TOTAL PRICE:	\$1,230,580 for all 52 units
OUTSIDE DELIVERY DATE:	March 31, 1972
DELIVER TO:	Bessemer and Lake Erie Railroad Company, as designated by the railroad
RENT PERIOD:	Eighteen years, commencing with the first installment of Periodic Rent
PERIODIC RENT:	72 quarterly payments, in advance of \$ <u>516.49</u> each, per Item of Equipment, or an aggregate of \$ <u>26,857.48</u> for all 52 units.
DAILY INTERIM RENT:	\$ <u>5.5054</u> per day per Item of Equipment
ANNUAL RENEWAL:	None

In the event the price of any Items covered by this Schedule is greater or less than the amount shown above, the rentals for such Item shall be ratably increased or reduced.

TRUSTOR: First National Bank of Minneapolis
LESSEE: Bessemer and Lake Erie Railroad Company - Trust No. 3
ASSIGNEE OF MANUFACTURER: Board of Administration City Employees'
Retirement System of the City of
Los Angeles

SCHEDULE B

BESSEMER AND LAKE ERIE RAILROAD COMPANY

SCHEDULE OF CASUALTY VALUE

Casualty Value: The following percentage of Total Cost to Lessor of an Item of Equipment including all taxes and delivery charges is to be paid on a rental payment due date pursuant to Section 12 of the Equipment Lease as the result of an Item becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid.

<u>After Rental Payment No.</u>	<u>Payable on Date and in Lieu of Payment No.</u>	<u>Casualty Value Payable Per Item (in lieu of rental payment for such item due on such date)</u>
1	2	102.875
2	3	102.750
3	4	102.625
4	5	102.500
5	6	102.375
6	7	102.250
7	8	102.125
8	9	102.000
9	10	101.875
10	11	101.750
11	12	101.250
12	13	100.625
13	14	99.875
14	15	98.875
15	16	97.875
16	17	96.750
17	18	95.250
18	19	93.750
19	20	92.125
20	21	90.375
21	22	88.375
22	23	86.500
23	24	84.500
24	25	82.500
25	26	80.500
26	27	78.375
27	28	76.250
28	29	74.125
29	30	72.000
30	31	69.875
31	32	67.625
32	33	66.375
33	34	65.625
34	35	64.875
35	36	64.125

After Rental
Payment No.

Payable on Date
and in Lieu of
Payment No.

Casualty Value Payable
Per Item (in lieu of
rental payment for such
item due on such date)

36	37	63.250
37	38	62.375
38	39	61.625
39	40	60.750
40	41	59.750
41	42	58.875
42	43	57.875
43	44	56.875
44	45	55.875
45	46	54.875
46	47	53.750
47	48	52.750
48	49	51.625
49	50	50.500
50	51	49.250
51	52	48.125
52	53	46.875
53	54	45.625
54	55	44.375
55	56	43.000
56	57	41.625
57	58	40.250
58	59	38.875
59	60	37.375
60	61	35.875
61	62	34.375
62	63	32.875
63	64	31.250
64	65	29.625
65	66	27.875
66	67	26.250
67	68	24.500
68	69	22.625
69	70	20.875
70	71	19.000
71	72	17.000
72	thereafter	15.000

SCHEDULE C

BESSEMER AND LAKE ERIE RAILROAD COMPANY

SCHEDULE OF TERMINATION VALUE

Termination Value: The following percentage of Total Cost to Lessor of the Equipment including all taxes and delivery charges is to be paid on a rental payment due date pursuant to Section 12(c) of the Equipment Lease, depending upon when the Termination Value is paid.

<u>After Rental Payment No.</u>	<u>Payable on Date and in Lieu of Payment No.</u>	<u>Termination Value Payable Percentage of Equipment Cost (in lieu of rental payment for such item due on such date)</u>
39	40	60.750
40	41	59.750
41	42	58.875
42	43	57.875
43	44	56.875
44	45	55.875
45	46	54.875
46	47	53.750
47	48	52.750
48	49	51.625
49	50	50.500
50	51	49.250
51	52	48.125
52	53	46.875
53	54	45.625
54	55	44.375
55	56	43.000
56	57	41.625
57	58	40.250
58	59	38.875
59	60	37.375
60	61	35.875
61	62	34.375
62	63	32.875
63	64	31.250
64	65	29.625
65	66	27.875
66	67	26.250
67	68	24.500
68	69	22.625
69	70	20.875
70	71	19.000
71	72	17.000
72	thereafter	15.000

EXHIBIT 1

CERTIFICATE OF ACCEPTANCE
UNDER EQUIPMENT LEASE

To: Trust Company for USL, Inc., as Trustee under Trust
Agreement dated as of September 1, 1971 ("Trustee")

United States Leasing International, Inc., as Agent
for the Trustee ("Agent")

Pullman Incorporated (Pullman-Standard Division)
("Manufacturer")

I, duly appointed inspector and authorized representative of BESSEMER AND LAKE ERIE RAILROAD COMPANY ("Lessee") and of the above-named Trustee, do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of Lessee under the Equipment Lease dated as of September 1, 1971 among the Trustee, the Agent and the Lessee, and on behalf of the Trustee under the Conditional Sale Agreement dated as of September 1, 1971 among the Manufacturer, the Trustee, the Agent and the Lessee, of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF ITEMS:

NUMBERED: B & L.E.

I do further certify that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto and to all applicable Interstate Commerce Commission requirements and specifications and that each Item has been marked in accordance with Section 6(b) of the Lease.

The execution of this certificate will in no way relieve or decrease the responsibility of the Manufacturer of the Equipment for any warranties it has made with respect to the Equipment.

DATED:

Inspector and Authorized Representative
of Bessemer and Lake Erie Railroad Company

STATE OF CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO

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On this 7th day of October, 1971, before me personally appeared DAVID A. WOOLSEY, to me personally known, who being by me duly sworn, says that he is the Vice President of UNITED STATES LEASING INTERNATIONAL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

June M. Shiigi

(SEAL)

My commission expires:



STATE OF Pennsylvania

CITY OF Pittsburgh

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On this 8th day of October, 1971, before me personally appeared V. W. KRAETSCH, to me personally known, who being by me duly sworn, says that he is the Vice President - Finance of BESSEMER AND LAKE ERIE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dorothy M. Tarr

(SEAL)

My commission expires:

DOROTHY M. TARR, Notary Public
Pittsburgh, Allegheny Co., Pa.
My Commission Expires
11-01-1974

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF)
SAN FRANCISCO)

On this 7th day of October, 1971, before me personally appeared **BEN MAUSHARDT**, to me personally known, who being by me duly sworn, says that he is the **President** of TRUST COMPANY FOR USL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

June M. Shiigi

(SEAL)

My commission expires:

